

304.24-420 Bulk reinsurance.

- (1) A domestic insurer may reinsure all or substantially all of its business in force, or all or substantially all of a major class thereof, with another insurer, stock or mutual, by an agreement of bulk reinsurance after compliance with this section. No such agreement shall become effective unless filed with the commissioner and approved by him or her in writing.
- (2) The commissioner shall approve such agreements within a reasonable time after filing if he or she finds:
 - (a) That the plan and agreement are fair and equitable to each insurer and to the policyholders involved;
 - (b) That the reinsurance, if effectuated, would not substantially reduce the protection or service to the policyholders of any domestic insurer involved;
 - (c) That the agreement embodies adequate provisions by which the reinsuring insurer becomes liable to the original insureds for any loss or damage occurring under the policies reinsured in accordance with the original terms of such policies, and that the reinsuring insurer shall duly furnish each such insured with a certificate evidencing such assumption of liability;
 - (d) That the assuming reinsurer is authorized to transact such insurance in this state, or is qualified as for such authorization and will appoint the commissioner and his or her successors as its irrevocable attorney for service of process, so long as any policy so reinsured or claim thereunder remains in force or outstanding;
 - (e) That such reinsurance would not materially tend to lessen competition in the insurance business in this state or elsewhere as to the kinds of insurance involved, and would not materially tend to create a monopoly as to such business; and
 - (f) That the proposed bulk reinsurance is free of other reasonable objections.
- (3) If the commissioner does not so approve he or she shall forthwith notify each insurer involved in writing, specifying his or her reasons therefor.
- (4) If for reinsurance of all or substantially all of the business in force of a mutual insurer at a time when the insurer's surplus is not impaired, the plan and agreement for such reinsurance must be approved by vote of not less than two-thirds (2/3) of the mutual insurer's members voting thereon at a meeting of members called for the purpose, pursuant to such reasonable notice and procedure as is provided for in the agreement. If a life insurer, right to vote may be limited to members whose policies are other than term or group policies, and have been in effect for more than one (1) year.
- (5) No director, officer, agent or employee of any insurer party to such reinsurance, nor any other person shall receive any compensation for arranging such bulk reinsurance other than as provided in the agreement submitted to and approved by the commissioner.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 1346, effective July 15, 2010. -- Created

1970 Ky. Acts ch. 301, subtit. 24, sec. 42, effective June 18, 1970.